



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 5/30/2003

GAIN Report #JA3707

Japan

Cotton and Products

Annual

2003

Approved by:

Daniel A. Martinez, Director, ATOOsaka

U.S. Consulate, Osaka-Kobe

Prepared by:

Akemi Harima, Marketing Specialist

Report Highlights:

Total imports of raw cotton into Japan in MY 2002/03 are estimated to be 220,000 metric tons and about 5 percent below the previous year due to continuing imports of finished goods and a sluggish Japanese economy. Imports from the United States are estimated at 85,000 metric tons. Raw cotton imports for MY 2003/04 are forecasted to decrease to 210,000 metric tons although the United States is expected to supply about 90,000 metric tons due to the low production in Australia resulting from drought.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Osaka ATO [JA3], JA

Section I. Situation and Outlook [2](#)

Section II. Statistical Tables [3](#)

Section I. Situation and Outlook

Total imports of raw cotton into Japan in MY 2002/03 are estimated to be 220,000 metric tons, about 5 percent lower than the previous year. The U.S. is expected to supply about 38 percent of the total or 85,000 metric tons, which is about the same level as the previous year. The Australian market share is estimated at around 41 percent in MY2002/03, about 8 percent down from the previous year due to drought conditions.

Total imports of Japanese raw cotton in MY 2003/04 are forecasted to be about 210,000 metric tons, a decrease of about 5 percent from MY 2002/03. However, the Japanese spinning industry estimates that Japanese raw cotton imports from the United States will increase in MY 2003/04 to about 40 percent of the import market as a result of drought induced production declines in Australia.

The Japanese imports of Extra-Long-Staple (ELS) cotton in MY 2002/03 is estimated to stay at the same level as the previous year or 20,000 metric tons. U.S. Pima cotton continues to be the most popular type for ELS cotton and is estimated to account for 16,000 metric tons in MY 2002/03 and 80 percent of total ELS imports. However, no official data is currently available for ELS cotton imports. The numbers are collected from trade houses by the Japan Cotton Traders' Association.

The decline of Japanese raw cotton imports is due to the continuing reduction in domestic manufacturing and shifting production to overseas plants. However, the Japanese spinners continue to exercise key decision-making power for purchasing raw cotton to be used in overseas plants and thus remain significant buyers for raw cotton.

Imported cotton goods accounted for about 87 percent of total cotton supply in Japan in CY 2002 and is expected to grow further in CY 2003, leaving a small share for domestic production. The Japanese consumption of cotton goods in CY 2002 was decreased by 6 percent from the previous year due to the sluggish economy in Japan, resulting in a four percent decrease in the import of cotton goods and a 12 percent decrease in domestic production. Japanese imports of finished cotton goods from China in CY 2002 occupied about 88 percent of total imports of finished cotton goods. Although total imports of finished goods in CY 2002 decreased, imports from China were up slightly. Japanese imports of cotton yarn and fabric decreased in CY 2002 by seven percent from the CY 2001 level an indication that more and more finished goods are being imported into Japan.

Japanese consumption of Synthetic fiber goods in CY 2002 decreased by 11 percent resulting in a 23 percent decrease in domestic production and seven percent decrease in imports, a much sharper decrease than cotton goods. The imported synthetic fiber goods in CY 2002 accounted for about 79 percent of the total synthetic fiber goods supply, leaving only a small share for domestic production.

The average C&F price for raw cotton coming into Japan in CY 2002 was 107.81 cents per kilogram compared to 144.22 cents per kilogram in CY 2001, which is about a 25 percent decrease. The average C&F price of cotton in CY 2003 as of March is 117.87 cents.

There is no major change to report in the status of trade barriers for raw cotton. Raw cotton has a zero import duty in Japan. The tariff for cotton yarn (tariff code 52.05) is 2 % or 13.70 yen per kg whichever is the greater for 100% cotton. The tariff for cotton fabric (tariff code 52.08) is 5.6% or 4.4% + 1.52 yen per square meter whichever is the greater. Tariffs for finished cotton products vary depending upon product, however, the tariffs do not appear to be

significant enough to discourage imports.

Section II. Statistical Tables

PSD Table						
Country	Japan					
Commodity	Cotton				(HECTARES)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[Ne w]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		08/2001		08/2002		08/2003
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	45505	43100	48335	43400	48335	43400
Production	0	0	0	0	0	0
Imports	231443	231500	217727	220000	0	210000
TOTAL SUPPLY	276948	274600	266062	263400	48335	253400
Exports	0	0	0	0	0	0
USE Dom. Consumption	228613	231200	217727	220000	0	210000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	228613	231200	217727	220000	0	210000
Ending Stocks	48335	43400	48335	43400	0	43400
TOTAL DISTRIBUTION	276948	274600	266062	263400	0	253400

Japanese Spinning Capacity

Year	No. of Mills	No. of Spindles (1000)	No. of Agerage Spindles Operated (1000)	Capacity Utilization rate
1992	113	5,861	5,140	87.7%
1993	99	5,001	4,410	88.2%
1994	91	4,330	3,778	82.5%
1995	82	3,957	3,411	83.7%
1996	73	3,513	3,030	82.3%
1997	65	3,082	2,751	86.6%
1998	63	2,917	2,577	85.5%
1999	60	2,758	2,333	83.6%
2000	54	2,327	2,079	85.4%
2001	52	2,222	1,875	83.7%
2002	50	2,156	1,729	80.2%
2003 as of March	47	1,980	1,482	74.8%

Source: Japan Spinners' Association

Japanese Cotton Goods Supply and Demand
(1,000 Metric Tons Yarn Equivalent)
Calendar Year

	2000	2001	2002	2003 As of March
Beginning Stocks	118	116	107	94
Production	159	139	122	29
Imports	805	829	794	215
Total Supply	1,082	1,084	1,023	338
Exports	81	83	93	21
Domestic Consumption	885	894	836	224
Ending Stocks	116	107	94	93
Total Disappearance	1,082	1,084	1,023	338

Source: Japan Spinners' Association

Japanese Synthetic Fiber Goods Supply and Demand
(1000 Metric Tons Yarn Equivalent)
Calendar Year

	2000	2001	2002
Beginning Stocks	71	70	61
Production	147	123	95
Imports	383	383	358
Total Supply	601	576	514
Export	36	38	37
Domestic Consumption	495	477	424
Ending Stock	70	61	54

Total Disappearance	601	576	515
---------------------	-----	-----	-----

Source: Japan Spinners' Association

Japanese Imports of Cotton Finished Goods containing more than 50 percent cotton

Calendar Year

Metric Tons

Country of Origin	2000	2001	2002
China	481,346	535,472	537,660
Korea	20,474	18,921	11,724
Vietnam	18,631	18,208	16,929
India	14,809	14,649	12,476
Thailand	8,532	8,281	7,082
Indonesia	7,197	8,121	5,446
U.S.	8,592	6,056	4,272
Other	18,399	16,835	16,582
Grand Total	577,980	626,543	612,171

Source: Japan Spinners' Association

Japanese Imports of Cotton Yarn containing more than 50 percent cotton

Calendar Year

Metric Tons

Country of Origin	2000	2001	2002
Pakistan	59,382	44,140	35,042
Indonesia	26,798	23,695	21,844
India	13,684	15,895	17,239
China	12,283	14,698	17,771
Thailand	2,654	3,102	3,375
Korea	4,055	2,865	2,272
Other	5,430	6,390	5,156
Total	124,286	110,785	102,699

Source: Japan Spinners' Association

Japanese Imports of Cotton fabric containing more than 50 percent cotton
1,000 Square Meter
Calendar Year

Country of Origin	2000	2001	2002
China	515,142	445,002	428,444
Indonesia	75,625	69,990	54,992
Pakistan	33,830	25,661	20,814
Malaysia	17,623	13,636	10,503
Other	44,561	36,739	34,818
Total	686,781	591,028	549,571

Source: Japan Spinners' Association

Import Data:

Import Trade Matrix			
Country	Japan		
Commodity	Cotton		
Time period	August-July	Units:	Metric Tons
Imports for:	2001		2002
U.S.	87614	U.S.	85000
Others	143897	Others	135000
Australia	114056		90000
Greece	5643		
India	5218		
Zimbabwe	4167		
Mexico	4051		
Egypt	4029		
China	2230		
Syria	2148		
Cameroon	530		
Sudan	456		
Total for Others	142528		0
Others not Listed	1369		45000
Grand Total	231511		220000

Source: Customs and Tariff Bureau, Ministry of Finance
 MY 2002/03 is estimated by the U.S. Agricultural Trade Office, Osaka

Extra-Long Staple (ELS) Cotton Imports into Japan 1/
(Metric Tons)
August-July Marketing Year

	2000/1	2001/02	2002/03	2003/04
U.S.A.	15,000	15,000	16,000	16,000
Egypt	3,000	4,000	3,000	3,000
Sudan	1,000	500	500	500
Other	1,000	500	500	500
Total	20,000	20,000	20,000	20,000

Source: Japan Cotton Traders' Association
1/ U.S. Agricultural Trade Office Estimate

Price: Average C&F for raw cotton in Japan

Prices Table			
Country	Japan		
Commodity	Cotton		
Prices in	U.S. Cents	per uom	Kilogram
Year	2002	2003	% Change
Jan	118.09	113.36	-4.01%
Feb	116.29	118.3	1.73%
Mar	117.87	121.95	3.46%
Apr	111.63		-100.00%
May	108.66		-100.00%
Jun	101.55		-100.00%
Jul	100.27		-100.00%
Aug	103.16		-100.00%
Sep	101.17		-100.00%
Oct	104.32		-100.00%
Nov	101.81		-100.00%
Dec	109.02		-100.00%
Exchange Rate		Local currency/US \$	

Source: Japan Cotton Traders' Association